

NEFAB

Interim Report, January – September 2007

- Invoicing rose 19% to SEK 1,637 M (1,380).
- Profit after financial items amounted to SEK 141 M (122). Net profit amounted to SEK 105 M (91).
- Earnings per share amounted to SEK 3.80 (3.30).
- NPNC Intressenter AB new principal owner in the company. Notice of Extraordinary General Meeting due to change in ownership.
- Decision to apply for delisting of the company's share.

Third quarter of 2007

Invoiced sales during the third quarter amounted to SEK 579 M (477), an increase of 21% compared with the year-earlier period. Translation using exchange rates for 2006 would have resulted in invoicing that was SEK 2 M lower. Orders received amounted to SEK 577 M (488), an increase of 18%.

Profit after financial items during the third quarter amounted to SEK 50 M (47).

Cash flow after investing activities amounted to SEK -5 M (24).

First nine months of 2007

Invoiced sales during the reporting period amounted to SEK 1,637 M (1,380), up 19% compared with the year-earlier period. Translation using exchange rates for 2006 would have resulted in invoicing that was SEK 19 M higher. Accordingly, the increase in invoicing excluding exchange-rate differences was 20%. Orders received amounted to SEK 1,666 M (1,412), an increase of 18%.

The development from being a product-oriented company to a supplier of total solutions continues. The share of trading products and service amounted to 40% of invoicing (37).

Nordic countries

Invoicing from companies in the Nordic region for the reporting period amounted to SEK 441 M (390), up 13%.

Operating profit for the region amounted to SEK 38 M (38).

Europe (excluding Nordic region)

Invoicing from companies in the rest of Europe for the reporting period amounted to SEK 676 M (613), up 10%.

In June, the operations of the Günther Verpackungen packaging company were acquired. The operations are based outside of Stuttgart in southern Germany and invoicing during 2006 amounted to EUR 10 M, with operating profit of approximately EUR 0.5 M. Nefab acquired tangible fixed assets, intangible assets and the company's inventories. Intangible assets total EUR 2.9 M. A preliminary analysis of acquired intangible assets shows a predominant share of amortizable values, as a result of which goodwill will be low.

After the end of the reporting period, the Oskar Eder Verpackungstechnik GmbH packaging company in Austria was acquired. Sales in 2007 are expected to amount to EUR 6 M and operating profit to EUR 0.5 M. The operation has eight employees. The price of shares amounted to about EUR 1.8 M, which was paid in cash. Agreement are in place concerning a maximum supplemental purchase price of EUR 0.8 M. The acquisition generated a surplus value of EUR 1.4 M, plus a possible supplemental purchase price. A preliminary analysis of intangible assets shows a predominant share of amortizable values.

After the end of the reporting period, an agreement was signed concerning the acquisition of the operations of Eucalpto di Pontevedra in Spain. The operations relate to the manufacturing of plywood and the production value amounted to approximately EUR 7 M per year at acquisition date. Nefab paid EUR 2.3 M for production equipment and inventories. The background for the investment is that Nefab, since many years, buys the major part of the plywood from Russia. The acquisition of Eucalpto di Pontevedra is a part of an effort to decrease dependency on raw material from Russia.

Operating profit for the region amounted to SEK 39 M (55).

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Asia and America

Invoicing from companies in Asia and North and South America during the reporting period amounted to SEK 520 M (377), an increase of 38%. Translation using exchange rates for 2006 would have resulted in invoicing in the first nine months that was SEK 23 M higher. Accordingly, the invoicing increase excluding exchange-rate differences amounted to 44%.

During the first quarter, the minority interest in the company operated by Nefab in Singapore was acquired. The acquisition covered the remaining 40% of the shares in the company for a purchase consideration of SEK 3 M. In addition, the seller has the possibility of receiving a small supplemental payment. The acquisition resulted in a consolidated surplus value of SEK 2 M (after deduction of deferred taxes), which was allocated to amortizable intangible assets. It is assessed that the acquisition will have a marginally positive effect on the Group's earnings per share.

Operating profit in the region amounted to SEK 74 M (35).

Telecom

Invoicing to customers in the telecom industry increased by 20% to SEK 641 M (533), corresponding to 39% (39) of consolidated sales.

Automotive

Invoicing to customers in the automotive industry rose 12% to SEK 156 M (139), corresponding to 10% (10) of consolidated sales.

Industry

Invoicing to the industry segment amounted to SEK 840 M (708), up 19%. The industry segment thereby accounted for 51% (51) of Group invoicing.

Earnings

Operating profit after financial items for the reporting period amounted to SEK 141 M (122).

Earnings per share for the reporting period amounted to SEK 3.80 (3.30). The return on shareholders' equity was 23.1% (23.0), compared with the company's goal of at least 15%.

Capacity and investments

Net investments by the Group during the reporting period amounted to SEK 79 M (71). Company acquisitions with a value of SEK 33 M (41) are included.

Financial position

The equity/assets ratio at September 30 was 46.3% (50.1). Shareholders' equity per share was SEK 22.65 (20.09). Group cash and cash equivalents on the closing date, including unutilized credit facilities, amounted to SEK 335 M (333).

Cash flow after investing activities during the reporting period amounted to SEK 2 M, compared with SEK 1 M in the preceding year. Cash flow for the year was charged with SEK 40 M due to corporate acquisitions. The corresponding charge for the year-earlier period was SEK 46 M.

Significant risks and uncertainty factors

An account of the risks and uncertainty factors affecting Nefab may be found on pages 36-39 of the company's 2006 Annual Report and in the interim reports for the first and second quarters of 2007. No changes occurred during the period or after the end of the period that affect this description.

Parent Company

Nefab AB's operations consist of Group management, financing and coordination of marketing, production and business development. Invoicing during the reporting period amounted to SEK 84 M (60) profit after net financial items amounted to SEK 100 M (38).

Nefab AB's revenues consist of intra-Group billing of licensing fees and invoicing of Group-wide expenses. The company's net financial items consist primarily of dividends from subsidiaries of the Group. Dividends received for the reporting period amounted to SEK 53 M (24).

Financial fixed assets of the Parent Company primarily comprise shares in subsidiaries valued at SEK 191 M (161) and loans to subsidiaries amounting to SEK 129 M (95). During the reporting period, previous write-downs of shares in subsidiaries totaling SEK 19 M were reversed.

Forecast for full-year 2007

Nefab's Board and management normally do not present a forecast. In connection with the interim report for the period January to June 2007, the company deviated from this principle. The company's profit after financial items for the full year was expected to amount between SEK 180 M and SEK 200 M. At the time of this report, the company's Board of Directors did not adjust the previously submitted forecast.

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Change in ownership

On August 27, the newly formed NPNC Intressenter AB company submitted an offer for all shares in Nefab. NPNC Intressenter is jointly owned by Nordic Capital and the former majority shareholder in Nefab, the Nordgren/Pihl family. Nefab's shareholders were offered SEK 97 per share in the company. On September 26, NPNC Intressenter AB announced that it would pursue the offer for Nefab, despite having obtained only 86% of the company's capital. After payment of shares on October 3, there remained 373 shareholders in the company. The bidder has since extended the offer period, which currently expires on November 3.

The new owner has submitted a request to Nefab's Board of Directors to hold an Extraordinary General Meeting to elect a new Board of Directors for Nefab. A press announcement containing notice of this General Meeting is being issued as a separate press release and contains additional information. The General Meeting will be held on Tuesday, November 20 at 3:00 p.m. in Alfta.

Delisting of company share

The company's Board of Directors has decided to apply for delisting of the company's share on the OMX Nordic Exchange. Delisting is expected to occur in November.

Stockholm, October 30, 2007

Lars-Åke Rydh
President and CEO

The interim report was prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting and valuation principles were applied as in the most recent annual report.

For further information, please contact President and CEO Lars-Åke Rydh, tel. +46-70-592 45 70, e-mail: lars-ake.rydh@nefab.se, or Chief Financial Officer Anna Stålenbring, tel. +46-70-814 23 44, e-mail: anna.stalenbring@nefab.se

Review report

I have conducted a limited review of the attached interim report for Nefab AB (publ) for the period January 1 to September 30, 2007. The company's senior management is responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express an opinion on the interim report based on my limited review.

I have conducted my limited review pursuant to the Standard for Limited Review (SÖG) 2410 Limited review of interim financial information conducted by the company's appointed auditor, published by FAR. A limited review consists of making inquiries, primarily of individuals responsible for financial and accounting matters, as well as performing analytical procedures and taking other limited review measures. A limited review has a different focus and significantly reduced scope than an audit according to Auditing Standards in Sweden, RS, and generally accepted accounting practice. The review procedures undertaken in a limited review do not enable me to obtain a level of assurance that would make me aware of all important circumstances that would have been identified had an audit been conducted. Therefore, a conclusion reported on the basis of a limited review does not have the level of certainty of a conclusion reported on the basis of an audit.

Based on my limited review, no circumstances have come to my attention that would give me reason to believe that in all material respects, the attached interim report is not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act.

Stockholm, October 30, 2007

Bertel Enlund
Authorized Public Accountant
Ernst & Young AB

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Profit and loss accounts, Group (SEK M)

	0707-0709 3 months	0607-0609 3 months	0701-0709 9 months	0601-0609 9 months	0610-0709 12 months	0601-0612 12 months
Net sales	579	477	1 637	1 380	2 161	1 903
Cost of goods sold	<u>-423</u>	<u>-342</u>	<u>-1 199</u>	<u>-995</u>	<u>-1 582</u>	<u>-1 377</u>
Gross profit	156	135	438	385	579	526
Selling expenses	-63	-55	-177	-158	-232	-214
Administrative expenses	-41	-33	-116	-99	-153	-136
Other operating income/expenses	1	1	1	1	-2	-1
Operating profit	53	48	146	129	192	175
Net financial items	<u>-3</u>	<u>-1</u>	<u>-5</u>	<u>-7</u>	<u>-4</u>	<u>-6</u>
Profit after net financial items	50	47	141	122	188	169
Taxes	<u>-14</u>	<u>-13</u>	<u>-36</u>	<u>-31</u>	<u>-46</u>	<u>-41</u>
Net profit	<u>36</u>	<u>34</u>	<u>105</u>	<u>91</u>	<u>142</u>	<u>128</u>
<i>Depreciation included above</i>	23	20	51	50	69	67
<i>Earnings per share, SEK *)</i>	1.31	1.24	3.80	3.30	5.11	4.61
<i>*) both before and after full dilution</i>						

Balance sheets, Group (SEK M)

	070930	060930	070930	061231
Goodwill	7	12	7	12
Other intangible assets	84	63	84	62
Tangible assets	277	261	277	260
Financial assets	28	20	28	24
Inventories etc.	245	154	245	156
Current assets	543	480	543	489
Cash and cash equivalents	167	118	167	116
Equity	626	555	626	585
Long-term liabilities	186	142	186	130
Current liabilities	539	411	539	404
Balance sheet total	1 351	1 108	1 351	1 119
<i>Of which interest-bearing liabilities</i>	272	168	272	160

Cash-flow statements, Group (SEK M)

	0707-0709	0607-0609	0701-0709	0601-0609	0610-0709	0601-0612
Operating profit	53	48	146	129	192	175
Depreciation, financial net and taxes	<u>7</u>	<u>7</u>	<u>10</u>	<u>13</u>	<u>17</u>	<u>20</u>
Cash flow from the year's operations	60	55	156	142	209	195
Changes in working capital	-47	-24	-75	-70	-103	-98
Net investments in fixed assets	<u>-18</u>	<u>-7</u>	<u>-79</u>	<u>-71</u>	<u>-96</u>	<u>-88</u>
Cash flow after investments	-5	24	2	1	10	9
Dividend	-	-	-66	-28	-66	-28
Financing	<u>66</u>	<u>-1</u>	<u>115</u>	<u>-3</u>	<u>105</u>	<u>-13</u>
Changes in liquid funds	61	23	51	-30	49	-32

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Key ratios, Group	0707-0709	0607-0609	0701-0709	0601-0609	0610-0709	0601-0612
Gross margin, %	26.9	28.4	26.7	27.9	26.8	27.7
Operating margin, %	9.1	10.1	8.9	9.3	8.9	9.2
Net margin, %	8.6	9.8	8.6	8.8	8.7	8.9
Return on equity, %	23.7	25.6	23.1	23.0	23.9	23.6
Return on total capital, %	16.6	18.0	16.3	16.7	16.1	17.0
Return on capital employed, %	25.4	27.5	24.4	25.1	24.4	25.2
Equity/assets ratio, %	46.3	50.1	46.3	50.1	46.3	52.3
Employees, yearly average	1 987	1 802	1 927	1 732	1 968	1 818
Net investments, SEK M	17	7	79	71	96	88
Key ratios per share, Group						
Earnings per share, SEK <i>(both before and after full dilution)</i>	1.31	1.24	3.80	3.30	5.11	4.61
Equity per share on closing day, SEK			22.65	20.09	22.65	21.16
Number of shares at the end of the Period, in thousands			27 629	27 629	27 629	27 629
Share price on closing day, SEK			96.75	64.25	96.75	81.75
Operating segments, Group (SEK M)						
<u>Net sales</u>						
Nordic countries	144	129	441	390	582	531
Europe (excl. Nordic)	247	208	676	613	908	845
Asia and America	188	<u>140</u>	520	<u>377</u>	<u>671</u>	<u>527</u>
Total	579	477	1 637	1 380	2 161	1 903
<u>Operating profit</u>						
Nordic countries	13	15	38	38	52	52
Europe (excl. Nordic)	17	18	39	55	54	70
Asia and America	28	14	74	35	94	55
Undistributed costs	-5	<u>1</u>	-5	<u>1</u>	<u>-8</u>	<u>-2</u>
Total	53	48	146	129	192	175
Changes in Shareholders' Equity, Group (SEK M)						
	0707-0709	0607-0609	0701-0709	0601-0609		0601-0612
At beginning of the period	595	519	585	501		501
Dividend	-	-	-66	-28		-28
Translation differences	-5	2	2	-9		-16
Net profit	36	<u>34</u>	105	<u>91</u>		<u>128</u>
At end of the period	626	555	626	555		585

For definitions, refer to the 2006 Annual Report.

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Profit and loss accounts, Parent company (SEK M)

	0707-0709 3 months	0607-0609 3 months	0701-0709 9 months	0601-0609 9 months	0610-0709 12 months	0601-0612 12 months
Net sales	33	20	84	60	107	83
Cost of goods sold	=	=	=	=	=	=
Gross profit	33	20	84	60	107	83
Selling expenses	-9	-6	-25	-19	-37	-31
Administrative expenses	-19	-10	-37	-29	-44	-36
Other operating income/expenses	=	=	=	=	=	=
Operating profit	5	4	22	12	26	16
Net financial items	<u>26</u>	<u>17</u>	<u>78</u>	<u>26</u>	<u>123</u>	<u>71</u>
Profit after net financial items	31	21	100	38	149	87
Taxes	<u>-2</u>	<u>-3</u>	<u>-8</u>	<u>-4</u>	<u>-24</u>	<u>-20</u>
Net profit	<u>29</u>	<u>18</u>	<u>92</u>	<u>34</u>	<u>125</u>	<u>67</u>
<i>Depreciation included above</i>	1	-	1	-	1	-

Balance sheets, Parent company (SEK M)

	070930	060930	070930	061231
Intangible assets	6	4	6	4
Tangible assets	1	1	1	1
Financial assets	235	259	235	267
Current assets	158	103	158	81
Cash and cash equivalents	114	45	114	93
Equity	446	391	446	420
Long-term liabilities	5	3	5	4
Current liabilities	63	18	63	22
Balance sheet total	514	412	514	446
<i>Of which interest-bearing liabilities</i>	49	4	49	2

Facts about Nefab

Nefab delivers complete packaging solutions to international industrial groups, primarily within the telecom and automotive industries. Nefab companies are located in Europe, North and South America and Asia. Invoiced sales in 2006 amounted to SEK 1.9 billion. The Nefab share is listed on OMX Nordic Exchange, category Mid Cap.